

But I want to congratulate the President. I think he has stepped on the playing field, finally. We have had a second effort here in June. And basically he has gotten involved in the process where he was not before. His first budget was clearly a walkaway from the budget process. Sort of a Pontius Pilot approach to the budget, just washing his hands of it. But this budget is not what he presented. Granted, CBO has scored it as a budget which does not get to balance. But when it was sent up it was sent up with some very basic assumptions which I think are good assumptions and good intentions.

First, he has agreed we need to get to a balanced budget. His timeframe is 10 years. Ours is 7. I was interested in the Senator from Massachusetts's discussion of this issue. I was thinking that if we were to accept the President's budget, the Senator from Massachusetts would have been here—I am sorry I did not have a chance to ask him this—would have been here for 45 years before we get to a balanced budget, if I calculate right, since 1965. In any event, it is a long way away, but at least we agree it is a balanced budget.

Second, he has stated that we need Medicaid and Medicare reform. That is important. Because you cannot get to a balanced budget unless you address the issue of Medicaid and Medicare spending.

Third, he has agreed we need welfare reform. He not only agrees to it, he was the primary mover in this area. I give him credit for coming out early and aggressively to do something in the area of welfare reform, and hopefully we can accomplish it. So those are three areas of agreement.

Fourth, he has agreed that other entitlement programs have to be addressed and discretionary spending has to be addressed and in the budget he sent up he had some good numbers in those areas.

And fifth, he has proposed a tax cut. Less than what is in this budget but still a tax cut so it recognizes the need to flow dollars back to the people as we address this issue of balancing the budget.

So, on five major points, five major points, we are basically in agreement, and the question comes down to dollars and timing. I think there is an area for significant action here.

For example, in the Medicare, for all the slashing and cutting that we are alleged to do from Members on that side of the aisle in the Medicare accounts, I would point out if you compare the President's number to our number, in outlays—that is really the only honest way to do it—you take out all the assumptions, and the President's number is only \$11 billion off from our number each year in a program that is spending hundreds of billions of dollars. Not really a very significant difference in the sense of coming to agreement. Significant difference? Yes. But a difference which is clearly manageable—

Mr. President—\$11 billion on accounts which spend hundreds of billions of dollars. So the President's numbers and our numbers are pretty close.

On Medicaid it is even closer. The President's outlay numbers are only \$9 billion different from ours. On some of the other entitlements, welfare, for example, \$10 billion of difference from ours. Those are numbers that are very close. And I think they are numbers that can be resolved. And so the President has come forward with a budget which basically agrees philosophically with five of the points we have been raising: First, you need to get to balance; second, you need to address Medicare and Medicaid; third, you need welfare reform; fourth, you need to address the other entitlements in discretionary accounts; and, fifth, you need a tax cut. Which is what our budget does.

And then his numbers in the key accounts, which are the entitlements accounts, are clearly in striking distance of our own numbers. So it seems to me there is an opportunity there for significant action to reach accommodation and reach agreement. Which brings me back to my original premise, which is that this budget is a no-nonsense, make-sense budget about how we get to balance and delivers to our children the opportunity to have a country which has some prosperity and hope for them.

The President, from his presentation, appears to also understand the need for that. I hope that the Members on the other side of the aisle would agree with the President's view and agree that these goals are what are needed and agree that these numbers are places he can start, because as we go over to the appropriations and reconciliation process, maybe we can reach the accommodations necessary to deliver to our children this gift which is so critical, a balanced budget.

I thank the President, and I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER (Mr. COVERDELL). The Chair recognizes the Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I give 15 minutes of our time to the distinguished Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the Senator from New Jersey, and I thank my colleagues.

Let me first say that a balanced budget should be our goal. In fact, I offered an alternative budget resolution during debate on the budget in the Senate that balanced the budget, and did so by 2004, without counting Social Security surpluses, and did so with a different set of priorities contained in the budget before us today.

I think it is fair to say that the Republican budget resolution before us today is a fraud. Over and over, we have heard it stated on the floor of the Senate and in the news media that they have balanced the budget. Apparently, nobody has bothered to look at

the budget resolution, because if you look at the budget resolution, you find out they have not balanced the budget. Here it is. Here is the conference report that we are debating today, and on page 3 of conference report, under "Deficits," it says:

For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

And we go to the year 2002, in which they are claiming they have balanced the budget. Do you know what one finds? It is the dirty little secret of this budget. There is not a zero by "deficits" in the year 2002. That is what we would have if they balanced the budget. It does not say zero. It says the deficit in fiscal year 2002 is \$108.4 billion. That is not a balanced budget. That is not within hailing distance of a balanced budget. That is a budget that is not anywhere close to balancing, a \$108 billion deficit in the year 2002.

How is it the Republicans claim they have balanced the budget? They claim it because they are looting and raiding the Social Security trust funds of every dime of surplus that is in those accounts. That is their plan. That is what they have in mind for America, to take every penny, every dime of the Social Security surplus, more than \$600 billion over the next 7 years, take it all, spend it on other things, use it to give tax cuts to the wealthiest among us. That is the plan that is before us. It is a giant fraud. It is a huge hoax. That is what is before the American people today.

This is the biggest transfer-of-wealth scheme ever in the history of this country. They are going out there and taking money from people from their payroll taxes—and by the way, 73 percent of the American people pay more in payroll taxes than they pay in income taxes—and they are taking that money from them on the promise that it will be used to fund their Social Security retirement.

That is not what they are doing. They are taking that money and they are spending every dime of the Social Security surpluses. Just in the year 2002, they are taking \$108 billion of Social Security trust fund surpluses. They are using that to spend on other parts of the budget, and they are using it to give giant tax breaks to the wealthiest among us. That is their plan.

If the American people are hoodwinked on this one, at some point they will find the bill coming due, because last year the Entitlements Commission told us precisely what will happen if such a plan goes forward. We will face either an 85-percent tax increase or a 50-percent cut in benefits in order to fund those entitlement programs, because it does not add up.

Mr. President, this Republican budget is a monument to misguided priorities. It is unfair and just plain wrong. There are draconian reductions in Medicare, Medicaid, education, agriculture,